

DEPARTMENT OF INSURANCE

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Bulletin No. **2002-3**

DATE: **July 19, 2002**

TO: All Admitted Insurers and Other Interested Parties

SUBJECT: California Department of Insurance Schedule of Fees and Charges

This Bulletin is to inform affected parties that the California Department of Insurance (CDI) will increase by five percent the fee schedule for all producers and companies operating in the State of California. The fee increase will become effective November 1, 2002. Under California law (Insurance Code Section 12978), the Department is authorized to increase the fees contained in the Insurance Code to provide sufficient revenue to fund the appropriation authorized by the annual Budget Act. The Department has not increased fees subject to Section 12978 since July 1999.

To demonstrate the effect of the increase, an agent (Life or Fire and Casualty) who currently pays a bi-annual renewal fee of \$124 will now be paying \$130 or \$6 more every two years. Each company conducting business in the State of California is required to file annual statements along with a fee of \$309, effective November 1, 2002 the fee will be \$324 or \$15 more per year.

The CDI has focused on providing more licensing personnel to better serve the producers, companies and the California consumers. The Department has improved its service to our customers. Our automation efforts have included: The ability to schedule examinations on-line and administering examinations over the web in selected locations; Resident individual licensees can now request a certificate of license status online; Interested parties can both view and receive an on-line subscription to the Department's bulletins, brochures, press releases, newsletters and special reports from our website.

Factors contributing to this increase include rent increases, the recent legislative fund shift of approximately \$1.7 million from the general fund to the insurance fund for the Department's Tax Collection and Audit Program and the impact of consumer price indexing has strained our ability to continue to provide these services without a fee increase. This fee increase will generate approximately \$2.0 million annually to help defray these costs. The Department of Insurance continues to be prudent in its expenditures. In order to ensure adequate resources to continue our regulatory and consumer support services this difficult choice is necessary.

With the passage of the Fiscal Year 2002/03 Budget Act, the State of California will be taking a loan of \$10.0 million from our departmental reserves to be repaid by October 1, 2004. The loan will not impact the cash balance available for our unrestricted fees and license activities and was not a consideration in this fee increase.

A subsequent Bulletin with the new fee schedule will be distributed in October 2002.

Please contact Kären Dickerson, Chief, Financial Management Division, Administration and Licensing Services Branch, at (916) 492-3514 should you have any questions concerning this fee announcement.

PLEASE BE SURE THIS INFORMATION IS DISSEMINATED TO ALL YOUR DISTRICT OFFICES AND GENERAL AGENTS IN CALIFORNIA.

Loren D. Suter
Deputy Commissioner, Administration and Licensing Services Branch